

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6118-01
Bill No.: Perfected HB 2422
Subject: Lotteries; Gambling; Consumer Protection; Boards, Commissions, Committees,
and Councils
Type: Original
Date: May 16, 2016

Bill Summary: This proposal prohibits publishing of the names of lottery winners without written consent.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Lottery Commission** assume this proposal will have an unknown negative fiscal impact to their organization.

This legislation prohibits publishing of winner names without written consent of the winner. Not being able to publish winner names may adversely affect public perception of the Lottery and ultimately affect sales.

Releasing the names of big winners ensures the integrity and transparency of our government operations, so the public knows the Lottery is not corruptly awarding prizes to friends, relatives, etc. The Missouri Lottery receives thousands of dollars in publicity value and exposure each year when winner stories appear in the media. Research has shown the more people hear about winners, the more likely they are to play the Lottery and the more money that will be earned for public education.

The Missouri Lottery currently publicizes the names, home towns, prize amount and game name for winners of \$10,000 and more through news releases, on its website and on social media accounts. Winners up to \$50,000 have the option of placing themselves on a “no publicity” list on a per-win basis. For winners of \$50,000 and more, the Lottery releases the winner’s name, home town, prize amount and game. Exceptions have been made if the winner expresses a security concern. We do not require winners of \$50,000 and higher to have their photo taken or for them to do media interviews or news conferences. We do not release their address or phone number to the media.

On prizes of \$1 million or more, the Lottery again releases the name, home town, prize amount and game. We do not require these million-dollar-plus winners to have their photo taken or do a news conference. We do not release their address or phone number to the media. News conferences are held only with those winners who are willing.

This legislation prohibits publishing of winner names without written consent of the winner. Not being able to publish winner names may adversely affect public perception of the Lottery and ultimately affect sales. There are currently only a few state lotteries that allow blanket anonymity; most lotteries do not.

ASSUMPTION (continued)

According to a report issued from the **Office of Administration - Budget and Planning Review of Missouri Lottery Operations, September 2014**, advertising for lottery increased greatly from FY 2010. The following table appears to show there is not a strong direct correlation between advertising expense and operating revenue (sales).

	Lottery Advertising Expense	% of Adv Exp over Previous Fiscal Year	Total Operating Revenue	% of Total Operating Revenue over Previous Year
FY10	\$1,850,163		\$971,914,899	
FY11	\$7,943,537	329.34%	\$1,001,201,592	3.01%
FY12	\$7,261,102	-8.60%	\$1,098,722,151	9.74%
FY13	\$10,599,791	46.00%	\$1,141,539,213	3.90%
FY14*	\$16,000,000	50.90%	\$1,158,230,516	1.46%

*FY14 are unaudited numbers

Source: Office of Administration - Budget and Planning's Review of Missouri Lottery Operations, September 2014

Officials at the **Attorney General's Office** assume that any potential costs arising from this proposal can be absorbed with existing resources. AGO may seek additional appropriations if the proposal results in a significant increase in cases.

Officials at the **Department of Revenue** assume this proposal will not have a fiscal impact on their organization.

Oversight assumes the proposal would not have a direct fiscal impact on the state lottery sales.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

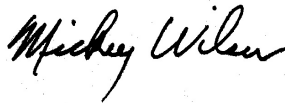
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Lottery Commission
Attorney General's Office
Department of Revenue



Mickey Wilson, CPA
Director
May 16, 2016

Ross Strobe
Assistant Director
May 16, 2016